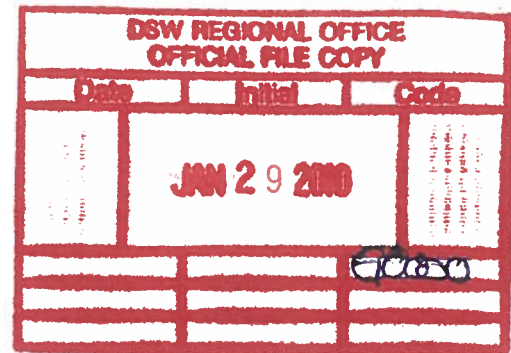




**LIGHT & POWER DEPARTMENT**  
Donal O'Callaghan, Director of Light & Power

January 26, 2010

Mr. Darrick Moe  
Western Area Power Administration  
PO Box 6457  
Phoenix, AZ 85005-6457



**Subject:** Boulder Canyon Project – Post-2017 Application of the Energy Planning and Management Program Power Marketing Initiative

Vernon's relationship with Hoover Dam dates back since 1987, when the City entered into a 30-year contract for energy from Hoover Dam to the extent of 22,000 kilowatts of demand and 28,000 million kilowatt-hours of energy per year. The Hoover Power Plant Act of 1984, which currently governs the allocation of power, will expire in 2017 at which time the existing participants' right to power from the plant will be in Jeopardy.

After two years of negotiations, Hoover Dam power contractors in California, Nevada, and Arizona have reached a compromise to ensure beneficiaries of Hoover Dam power today will continue to have access to this power source well into the future. The existing parties are seeking congressional action to extend the Hoover Dam Power contracts by 50 years at slightly reduced allocations in order to provide an opportunity for new participants to also receive power. Vernon fully supports the legislation currently before Congress, and believes it is the best way to resolve the issues and avoid costly litigation over the distribution of power from the plant.

**Vernon requests that Western suspend the current administrative process** at least through the end of the current session of Congress, to let the legislative process run its course, and avoid unnecessary duplication of efforts.

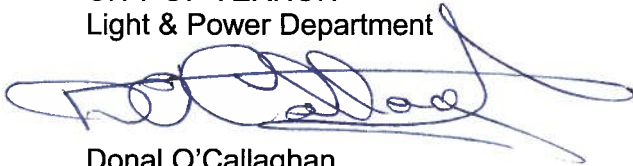
To the extent that Western's current process continues or resumes, Vernon recommends the inclusion of following provisions from the legislation.

- Vernon supports the allocation of the full nameplate capacity of 2074 MW. The Contractors have paid for all the expenses of the project, and should receive the full output when it is available.
- Vernon supports the continuation of Schedules A, B, and C. They were the result of a negotiated settlement in the 1980's and should be respected.
- Vernon supports a 50-year term. This matches the term of the original contracts and the Lower Colorado River Multi Species Conservation Program (LCRMSCP) contracts, and postpones the need to go through this process again.
- Vernon believes the 5% pool for new entrants is appropriate.
- Vernon believes new entrants should be required to become a part of the LCRMSCP and pay a share of the costs.
- Vernon believes provision should be made to allow Contractors to deliver their power through transactions with an Independent System Operator or similar organization.

Vernon appreciates the opportunity to submit these comments.

Respectfully submitted,

CITY OF VERNON  
Light & Power Department

A handwritten signature in blue ink, appearing to read 'Donal O'Callaghan', is written over the printed name and title.

Donal O'Callaghan  
Director of Light and Power

DO:AA:eo

c: Abraham Alemu  
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